



ANNUAL STATEMENT

For the Year Ended December 31, 2005  
of the Condition and Affairs of the

Stonewall Insurance Company

NAIC Group Code..... 1343, 1343 (Current Period) (Prior Period)	NAIC Company Code..... 22276	Employer's ID Number..... 63-0202590
Organized under the Laws of Rhode Island	State of Domicile or Port of Entry Rhode Island	Country of Domicile US
Incorporated/Organized..... February 10, 1866	Commenced Business..... February 10, 1866	
Statutory Home Office	1300 Highland Park, Suite103... Cumberland ..... RI ..... 02864 (Street and Number) (City or Town, State and Zip Code)	
Main Administrative Office	2 Central Square... Cambridge ..... MA ..... 02139 (Street and Number) (City or Town, State and Zip Code)	617-234-3801 (Area Code) (Telephone Number)
Mail Address	2 Central Square... Cambridge ..... MA ..... 02139 (Street and Number or P. O. Box) (City or Town, State and Zip Code)	
Primary Location of Books and Records	2 Central Square... Cambridge ..... MA ..... 02139 (Street and Number) (City or Town, State and Zip Code)	617-234-3801 (Area Code) (Telephone Number)
Internet Website Address	NA	
Statutory Statement Contact	John William Fischer (Name) john.fischer@cavellamerica.com (E-Mail Address)	617-234-3801 (Area Code) (Telephone Number) (Extension) 617-234-3899 (Fax Number)
Policyowner Relations Contact	2 Central Square... Cambridge ..... MA ..... 02139 (Street and Number) (City or Town, State and Zip Code)	617-234-3801 (Area Code) (Telephone Number) (Extension)

OFFICERS

Name	Title	Name	Title
1. Robert Lynam Barclay	President	2. Pamela Susan Sellers-Hoelsken	Treasurer
3. Robert Avery Whitney	Secretary	4.	

OTHER

David Ian Wallis	Vice President
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DIRECTORS OR TRUSTEES

Robert Lynam Barclay	Robert Alan Hamwee	Matthew Charles Kaufman	Neil Clark Krauter
Mayur Piyush Patel	Kenneth Edward Randall		

State of.....Massachusetts  
County of.....Middlesex

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy of the enclosed statement (except for formatting differences due to electronic filing). The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Robert Lynam Barclay	Pamela Susan Sellers-Hoelsken	Robert Avery Whitney
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Treasurer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me	a. Is this an original filing?	Yes [ X ] No [ ]
This 15th day of February, 2006	b. If no	1. State the amendment number
		2. Date filed
		3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	46,348,695		46,348,695	58,064,560
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	1,500,000		1,500,000	1,500,000
2.2 Common stocks.....	476,280		476,280	669,613
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....8,855, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....25,299,666, Sch. DA).....	25,308,521		25,308,521	14,607,783
6. Contract loans (including \$.....0 premium notes).....			0	
7. Other invested assets (Schedule BA).....	1,360,749	1,360,749	0	
8. Receivables for securities.....			0	
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	74,994,245	1,360,749	73,633,496	74,841,956
11. Title plants less \$.....0 charged off (for Title insurers only).....			0	
12. Investment income due and accrued.....	527,159		527,159	684,151
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....			0	
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
13.3 Accrued retrospective premiums.....			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	30,617,318		30,617,318	20,869,025
14.2 Funds held by or deposited with reinsured companies.....			0	
14.3 Other amounts receivable under reinsurance contracts.....			0	
15. Amounts receivable relating to uninsured plans.....			0	
16.1 Current federal and foreign income tax recoverable and interest thereon.....	3,018,041		3,018,041	90,599
16.2 Net deferred tax asset.....			0	
17. Guaranty funds receivable or on deposit.....			0	
18. Electronic data processing equipment and software.....			0	
19. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
21. Receivables from parent, subsidiaries and affiliates.....			0	
22. Health care (\$.....0) and other amounts receivable.....			0	
23. Aggregate write-ins for other than invested assets.....	0	0	0	54,747
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	109,156,763	1,360,749	107,796,014	96,540,478
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
26. TOTALS (Lines 24 and 25).....	109,156,763	1,360,749	107,796,014	96,540,478

DETAILS OF WRITE-INS				
0901. ....			0	
0902. ....			0	
0903. ....			0	
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0
2301. Receivable from Cavell America Holdings.....			0	54,747
2302. ....			0	
2303. ....			0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	0	0	0	54,747

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	84,919,828	102,791,504
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	1,047,685	1,113,335
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	33,203,151	23,128,885
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....		15,000
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....		
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		
7.2 Net deferred tax liability.....	5,086,055	8,820,101
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....0 and including warranty reserves of \$.....0).....		
10. Advance premiums.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	22,383	265,434
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	1,310,148	1,310,148
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....	2,761,452	3,045,139
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	16,320	30,390
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....		
20. Payable for securities.....		
21. Liability for amounts held under uninsured accident and health plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	(76,544,351)	(105,633,269)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	51,822,672	34,886,667
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	51,822,672	34,886,667
27. Aggregate write-ins for special surplus funds.....	6,976,190	11,766,197
28. Common capital stock.....	2,000,000	2,000,000
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....		
32. Gross paid in and contributed surplus.....	73,966,820	73,966,820
33. Unassigned funds (surplus).....	(26,969,669)	(26,079,206)
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....		
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39).....	55,973,341	61,653,811
36. TOTALS (Page 2, Line 26, Col. 3).....	107,796,013	96,540,478

DETAILS OF WRITE-INS		
2301. Retroactive Reinsurance.....	(76,544,351)	(105,633,269)
2302. ....		
2303. ....		
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	(76,544,351)	(105,633,269)
2701. Special Surplus from Retroactive Reinsurance.....	6,976,190	11,766,197
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	6,976,190	11,766,197
3001. ....		
3002. ....		
3003. ....		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

STATEMENT OF INCOME

UNDERWRITING INCOME			1	2
			Current Year	Prior Year
1.	Premiums earned (Part 1, Line 34, Column 4)			
DEDUCTIONS				
2.	Losses incurred (Part 2, Line 34, Column 7)		(6,918,772)	5,071,407
3.	Loss expenses incurred (Part 3, Line 25, Column 1)		977,516	3,270,889
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)		950,849	
5.	Aggregate write-ins for underwriting deductions		0	0
6.	Total underwriting deductions (Lines 2 through 5)		(4,990,407)	8,342,296
7.	Net income of protected cells			
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)		4,990,407	(8,342,296)
INVESTMENT INCOME				
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		3,464,555	3,411,031
10.	Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses))		184,045	121,793
11.	Net investment gain (loss) (Lines 9 + 10)		3,648,600	3,532,824
OTHER INCOME				
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0)		0	
13.	Finance and service charges not included in premiums			
14.	Aggregate write-ins for miscellaneous income		(6,387,940)	4,878,996
15.	Total other income (Lines 12 through 14)		(6,387,940)	4,878,996
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)		2,251,068	69,524
17.	Dividends to policyholders			
18.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)		2,251,068	69,524
19.	Federal and foreign income taxes incurred		4,191,103	1,849,401
20.	Net income (Line 18 minus Line 19) (to Line 22)		(1,940,035)	(1,779,877)
CAPITAL AND SURPLUS ACCOUNT				
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)		61,653,811	67,419,242
GAINS AND (LOSSES) IN SURPLUS				
22.	Net income (from Line 20)		(1,940,035)	(1,779,877)
23.	Net transfers (to) from Protected Cell accounts			
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0		(211,191)	852,863
25.	Change in net unrealized foreign exchange capital gain (loss)		14,070	(11,379)
26.	Change in net deferred income tax		4,295,063	(8,820,101)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3)		(0)	3,554,522
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		283,687	438,541
29.	Change in surplus notes			
30.	Surplus (contributed to) withdrawn from protected cells			
31.	Cumulative effect of changes in accounting principles			
32.	Capital changes:			
32.1	Paid in			
32.2	Transferred from surplus (Stock Dividend)			
32.3	Transferred to surplus			
33.	Surplus adjustments:			
33.1	Paid in			
33.2	Transferred to capital (Stock Dividend)			
33.3.	Transferred from capital			
34.	Net remittances from or (to) Home Office			
35.	Dividends to stockholders			
36.	Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)			
37.	Aggregate write-ins for gains and losses in surplus		(8,122,063)	0
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)		(5,680,469)	(5,765,431)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)		55,973,342	61,653,811

DETAILS OF WRITE-INS				
0501.				
0502.				
0503.				
0598.	Summary of remaining write-ins for Line 5 from overflow page		0	0
0599.	Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)		0	0
1401.	Miscellaneous Income or Expense (-)		(359,842)	(476,944)
1402.	Reinsurance Recoverables & Other Charge Offs		(1,238,091)	(2,269,010)
1403.	Retroactive Reinsurance		(4,790,007)	7,624,950
1498.	Summary of remaining write-ins for Line 14 from overflow page		0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)		(6,387,940)	4,878,996
3701.	Prior Period Adjustment for ULAE Reserve		(12,369,590)	
3702.	Tax - ULAE prior period adjustment		4,205,661	
3703.	Prior year tax		41,866	
3798.	Summary of remaining write-ins for Line 37 from overflow page		0	0
3799.	Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above)		(8,122,063)	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	(243,051)	(403,884)
2. Net investment income.....	3,955,741	3,969,662
3. Miscellaneous income.....	(1,597,933)	(2,745,954)
4. Total (Lines 1 through 3).....	2,114,757	819,824
5. Benefit and loss related payments.....	20,766,847	7,460,220
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	4,238,689	3,670,889
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) \$ .....0 net of tax on capital gains (losses).....	2,310,000	1,940,000
10. Total (Lines 5 through 9).....	27,315,536	13,071,109
11. Net cash from operations (Line 4 minus Line 10).....	(25,200,779)	(12,251,285)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	11,507,244	14,196,980
12.2 Stocks.....	26,545	
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		3,554,523
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	11,533,789	17,751,503
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....		11,404,961
13.2 Stocks.....		142,218
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		11,379
13.7 Total investments acquired (Lines 13.1 to 13.6).....	0	11,558,558
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14).....	11,533,789	6,192,945
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	24,367,729	11,987,479
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	24,367,729	11,987,479
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	10,700,739	5,929,139
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	14,607,783	8,678,644
19.2 End of year (Line 18 plus Line 19.1).....	25,308,522	14,607,783

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001 .....		
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**Pt. 1-Premiums Earned**  
**NONE**

**Pt. 1A-Recapitulation of All Premiums**  
**NONE**

**Pt. 1B-Premiums Written**  
**NONE**

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire.....				0			0	
2.	Allied lines.....				0			0	
3.	Farmowners multiple peril.....				0			0	
4.	Homeowners multiple peril.....				0			0	
5.	Commercial multiple peril.....				0			0	
6.	Mortgage guaranty.....				0			0	
8.	Ocean marine.....				0			0	
9.	Inland marine.....				0			0	
10.	Financial guaranty.....				0			0	
11.1	Medical malpractice - occurrence.....				0			0	
11.2	Medical malpractice - claims-made.....				0			0	
12.	Earthquake.....				0			0	
13.	Group accident and health.....				0			0	
14.	Credit accident and health (group and individual).....				0			0	
15.	Other accident and health.....				0			0	
16.	Workers' compensation.....				0			0	
17.1	Other liability - occurrence.....	6,777,070	431,557	1,518,199	5,690,428	56,032,104	63,387,557	(1,665,025)	
17.2	Other liability - claims-made.....				0			0	
18.1	Products liability - occurrence.....	20,116,313	366,618	15,680,609	4,802,322	19,430,185	29,786,555	(5,554,048)	
18.2	Products liability - claims-made.....				0			0	
19.1, 19.2	Private passenger auto liability.....				0			0	
19.3, 19.4	Commercial auto liability.....				0			0	
21.	Auto physical damage.....				0			0	
22.	Aircraft (all perils).....				0			0	
23.	Fidelity.....				0			0	
24.	Surety.....				0			0	
26.	Burglary and theft.....				0			0	
27.	Boiler and machinery.....				0			0	
28.	Credit.....				0			0	
29.	International.....			76,359	(76,359)	7,780,857	7,926,090	(221,592)	
30.	Reinsurance - nonproportional assumed property.....	XXX			0			0	
31.	Reinsurance - nonproportional assumed liability.....	XXX	536,513		536,513	1,676,682	1,691,302	521,893	
32.	Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	
33.	Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	
34.	TOTALS.....	26,893,383	1,334,688	17,275,167	10,952,904	84,919,828	102,791,504	(6,918,772)	
DETAILS OF WRITE-INS									
3301.	.....				0			0	
3302.	.....				0			0	
3303.	.....				0			0	
3398.	Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0	0	XXX
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	0	0	0	0	0	0	

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
Line of Business		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Unpaid Loss Adjustment Expenses
1.	Fire.....				.0				.0	
2.	Allied lines.....				.0				.0	
3.	Farmowners multiple peril.....				.0				.0	
4.	Homeowners multiple peril.....				.0				.0	
5.	Commercial multiple peril.....				.0				.0	
6.	Mortgage guaranty.....				.0				.0	
8.	Ocean marine.....				.0				.0	
9.	Inland marine.....				.0				.0	
10.	Financial guaranty.....				.0				.0	
11.1	Medical malpractice - occurrence.....				.0				.0	
11.2	Medical malpractice - claims-made.....				.0				.0	
12.	Earthquake.....				.0				.0	
13.	Group accident and health.....				.0				(a).0	
14.	Credit accident and health (group and individual).....				.0				.0	
15.	Other accident and health.....				.0				(a).0	
16.	Workers' compensation.....				.0				.0	
17.1	Other liability - occurrence.....	79,723,479	3,736,482	58,258,546	25,201,415	39,976,846	8,134,965	17,281,122	56,032,104	18,546,643
17.2	Other liability - claims-made.....				.0				.0	
18.1	Products liability - occurrence.....	31,012,164	390,321	23,165,927	8,236,558	26,959,329	1,538,347	17,304,049	19,430,185	12,036,791
18.2	Products liability - claims-made.....				.0				.0	
19.1, 19.2	Private passenger auto liability.....				.0				.0	
19.3, 19.4	Commercial auto liability.....				.0				.0	
21.	Auto physical damage.....				.0				.0	
22.	Aircraft (all perils).....				.0				.0	
23.	Fidelity.....				.0				.0	
24.	Surety.....				.0				.0	
26.	Burglary and theft.....				.0				.0	
27.	Boiler and machinery.....				.0				.0	
28.	Credit.....				.0				.0	
29.	International.....		1,528,328	367,127	1,161,201		6,658,245	38,589	7,780,857	2,044,271
30.	Reinsurance - nonproportional assumed property.....	.XXX			.0	.XXX			.0	
31.	Reinsurance - nonproportional assumed liability.....	.XXX	1,761,887	233,531	1,528,356	.XXX	228,616	80,290	1,676,682	575,446
32.	Reinsurance - nonproportional assumed financial lines.....	.XXX			.0	.XXX			.0	
33.	Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
34.	TOTALS.....	110,735,643	7,417,018	82,025,131	36,127,530	66,936,175	16,560,173	34,704,050	84,919,828	33,203,151

DETAILS OF WRITE-INS

3301.	.....				.0				.0	
3302.	.....				.0				.0	
3303.	.....				.0				.0	
3398.	Summary of remaining write-ins for Line 33 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Including \$.....0 for present value of life indemnity claims.



UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	2,698,788			2,698,788
1.2 Reinsurance assumed.....	(190,244)			(190,244)
1.3 Reinsurance ceded.....	1,531,028			1,531,028
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	977,516	0	0	977,516
2. Commission and brokerage:				
2.1 Direct excluding contingent.....				0
2.2 Reinsurance assumed excluding contingent.....				0
2.3 Reinsurance ceded excluding contingent.....				0
2.4 Contingent - direct.....				0
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	0	0	0
3. Allowances to managers and agents.....				0
4. Advertising.....				0
5. Boards, bureaus and associations.....				0
6. Surveys and underwriting reports.....				0
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....				0
8.2 Payroll taxes.....				0
9. Employee relations and welfare.....				0
10. Insurance.....				0
11. Directors' fees.....				0
12. Travel and travel items.....				0
13. Rent and rent items.....				0
14. Equipment.....				0
15. Cost or depreciation of EDP equipment and software.....				0
16. Printing and stationery.....				0
17. Postage, telephone and telegraph, exchange and express.....				0
18. Legal and auditing.....				0
19. Totals (Lines 3 to 18).....	0	0	0	0
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....				0
20.2 Insurance department licenses and fees.....				0
20.3 Gross guaranty association assessments.....				0
20.4 All other (excluding federal and foreign income and real estate).....				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	0	0	0
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured accident and health plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	0	950,849	143,712	1,094,561
25. Total expenses incurred.....	977,516	950,849	143,712	(a).....2,072,078
26. Less unpaid expenses - current year.....	33,203,151			33,203,151
27. Add unpaid expenses - prior year.....	35,498,475			35,498,475
28. Amounts receivable relating to uninsured accident and health plans, prior year.....				0
29. Amounts receivable relating to uninsured accident and health plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	3,272,840	950,849	143,712	4,367,402

DETAILS OF WRITE-INS

2401. Misc Expenses.....		950,849	143,712	1,094,561
2402. ....				0
2403. ....				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	0	950,849	143,712	1,094,561

(a) Includes management fees of \$.....1,980,000 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds.....	(a).....567,133	.....516,648
1.1	Bonds exempt from U.S. tax.....	(a).....	.....
1.2	Other bonds (unaffiliated).....	(a).....2,889,481	.....2,434,710
1.3	Bonds of affiliates.....	(a).....	.....
2.1	Preferred stocks (unaffiliated).....	(b).....95,820	.....95,820
2.11	Preferred stocks of affiliates.....	(b).....	.....
2.2	Common stocks (unaffiliated).....	.....	.....
2.21	Common stocks of affiliates.....	.....	.....
3.	Mortgage loans.....	(c).....	.....
4.	Real estate.....	(d).....	.....
5.	Contract loans.....	.....	.....
6.	Cash, cash equivalents and short-term investments.....	(e).....561,090	.....561,090
7.	Derivative instruments.....	(f).....	.....
8.	Other invested assets.....	.....	.....
9.	Aggregate write-ins for investment income.....	.....0	.....0
10.	Total gross investment income.....	.....4,113,523	.....3,608,268
11.	Investment expenses.....	.....	(g).....143,712
12.	Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13.	Interest expense.....	.....	(h).....
14.	Depreciation on real estate and other invested assets.....	.....	(i).....0
15.	Aggregate write-ins for deductions from investment income.....	.....	.....0
16.	Total deductions (Lines 11 through 15).....	.....	.....143,712
17.	Net investment income (Line 10 minus Line 16).....	.....	.....3,464,555

DETAILS OF WRITE-INS

0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0
1501.	.....	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0
(a)	Includes \$.....89,245 accrual of discount less \$.....437,509 amortization of premium and less \$.....0 paid for accrued interest on purchases.	.....	.....
(b)	Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.	.....	.....
(c)	Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.	.....	.....
(d)	Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.	.....	.....
(e)	Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.	.....	.....
(f)	Includes \$.....0 accrual of discount less \$.....0 amortization of premium.	.....	.....
(g)	Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.	.....	.....
(h)	Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.	.....	.....
(i)	Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.	.....	.....

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. government bonds.....	.....980	.....	.....	.....980
1.1	Bonds exempt from U.S. tax.....	.....	.....	.....	.....0
1.2	Other bonds (unaffiliated).....	.....156,520	.....	.....(17,858)	.....138,662
1.3	Bonds of affiliates.....	.....	.....	.....	.....0
2.1	Preferred stocks (unaffiliated).....	.....	.....	.....	.....0
2.11	Preferred stocks of affiliates.....	.....	.....	.....	.....0
2.2	Common stocks (unaffiliated).....	.....26,545	.....	.....(193,333)	.....(166,788)
2.21	Common stocks of affiliates.....	.....	.....	.....	.....0
3.	Mortgage loans.....	.....	.....	.....	.....0
4.	Real estate.....	.....	.....	.....	.....0
5.	Contract loans.....	.....	.....	.....	.....0
6.	Cash, cash equivalents and short-term investments.....	.....	.....	.....	.....0
7.	Derivative instruments.....	.....	.....	.....	.....0
8.	Other invested assets.....	.....	.....	.....	.....0
9.	Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0
10.	Total capital gains (losses).....	.....184,045	.....0	.....(211,191)	.....(27,146)

DETAILS OF WRITE-INS

0901.	.....	.....	.....	.....0
0902.	.....	.....	.....	.....0
0903.	.....	.....	.....	.....0
0998.	Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.....0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.....0
2.2 Common stocks.....			.....0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.....0
3.2 Other than first liens.....			.....0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.....0
4.2 Properties held for the production of income.....			.....0
4.3 Properties held for sale.....			.....0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.....0
6. Contract loans.....			.....0
7. Other invested assets (Schedule BA).....	.....1,360,749	.....1,360,749	.....(0)
8. Receivables for securities.....			.....0
9. Aggregate write-ins for invested assets.....	.....0	.....0	.....0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	.....1,360,749	.....1,360,749	.....(0)
11. Title plants (for Title insurers only).....			.....0
12. Investment income due and accrued.....			.....0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection.....			.....0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.....0
13.3 Accrued retrospective premiums.....			.....0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers.....			.....0
14.2 Funds held by or deposited with reinsured companies.....			.....0
14.3 Other amounts receivable under reinsurance contracts.....			.....0
15. Amounts receivable relating to uninsured plans.....			.....0
16.1 Current federal and foreign income tax recoverable and interest thereon.....			.....0
16.2 Net deferred tax asset.....			.....0
17. Guaranty funds receivable or on deposit.....			.....0
18. Electronic data processing equipment and software.....			.....0
19. Furniture and equipment, including health care delivery assets.....			.....0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			.....0
21. Receivable from parent, subsidiaries and affiliates.....			.....0
22. Health care and other amounts receivable.....			.....0
23. Aggregate write-ins for other than invested assets.....	.....0	.....0	.....0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	.....1,360,749	.....1,360,749	.....(0)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.....0
26. TOTALS (Lines 24 and 25).....	.....1,360,749	.....1,360,749	.....(0)

DETAILS OF WRITE-INS

0901. ....			.....0
0902. ....			.....0
0903. ....			.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0
2301. ....			.....0
2302. ....			.....0
2303. ....			.....0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	.....0	.....0	.....0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	.....0	.....0	.....0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. The accompanying financial statements of the Company have been prepared in conformity with accounting practice prescribed or permitted by the NAIC *Accounting Practices and Procedures* manual and the State of Rhode Island.
- B. The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.
- C. The Company uses the following accounting policies:
- 1. Short-term investments are stated at cost,
  - 2. Bonds, including issuer obligations, mortgage-backed securities and asset-backed securities rated 1 and 2 are stated at amortized cost using the interest method; all others are stated at the lower of amortized cost or market.
  - 3. Common Stocks, other than investments in stocks of subsidiaries and affiliates, are reported at fair market values as determined by the Securities Valuation of the NAIC.
  - 4. Preferred Stocks - High quality redeemable preferred stocks (NAIC designations 1 and 2), which have characteristics of debt securities, shall be valued at cost or amortized costs. All other redeemable preferred stocks (NAIC designations 3 - 6 shall be reported at the lower of cost, amortized cost or fair value.
  - 5. Mortgage Loans –Not applicable
  - 6. Loan- Backed Securities –Not applicable
  - 7. Investments in subsidiaries, controlled and affiliated companies –Not applicable
  - 8. Investments in joint ventures, partnerships and limited liability companies –Not applicable
  - 9. Derivatives –Not applicable
  - 10. Premium Deficiency –Not applicable
  - 11. Loss/Claim Adjustment Expenses –Asbestos, Environmental and Other Latent Injury Type Claims  
Direct Losses –An exposure analysis on an account by account basis is performed and the appropriate reserves are established whether it be case reserves or a bulk IBNR reserve. IBNR reserves are established for the unknown or unreported cases, adverse development on known cases and allocated adjustment expenses.
  - 12. Capitalization Policy - Not applicable.
  - 13. Pharmaceutical Rebate Receivables - Not applicable

2. Accounting Changes and Corrections of Errors

- A. Prior year results did not include an adequate ULAE provision which resulted in a prior year adjustment through surplus to properly record the reserve. The adjustment at 1/1/05 is \$12,369,590. Adjusting for 2005 YTD ULAE payments, the reserves now held at 12/31/05 are \$14,000,000.
- B. Disclosure for Insurers Upon Initial Implementation of Codification  
The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Rhode Island. Effective January 1, 2001, the State of Rhode Island required that insurance companies domiciled in the State of Rhode Island prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual, Version effective January 1, 2001, subject to any deviations prescribed or permitted by the State of Rhode Island insurance commissioner.

3. Business Combinations and Goodwill (A-C)

Not applicable

4. Discontinued Operations

Not applicable

5. Investments (A-F)

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies (A-B)

Not applicable

7. Investment Income

- A. Accrued Investment Income  
The Company nonadmits investment income due and accrued if amounts are over 90 days past due (180 days for mortgage loans or amounts on mortgage loans in default).
- B. Amounts Non-Admitted  
Not Applicable

8. Derivative Instruments (A-F)

Not applicable

9. Income Taxes

On April 10, 2004, Congress enacted into law the Pension Funding Equity Act of 2004. As a result of this legislation, the Company no longer qualifies for tax exempt status under IRC Section 501(c). Accordingly, effective January 1, 2004, the Company became subject to federal income tax. The impact on surplus as of January 1, 2004 as a result of recording deferred taxes in accordance with Statement of Statutory Accounting Principles No. 10, Income Taxes (SSAP 10), is a decrease of approximately \$8.2 million. This amount has been recorded in the 3rd quarter of 2004. in accordance with statutory accounting principles, which require that deferred tax liabilities and assets be adjusted in the period of enactment for the effect of an enacted change in tax laws.

A. Components of the Admitted Net Deferred Tax Asset:

	December 31, 2005	As Adjusted December 31, 2004	As Reported December 31, 2004
Total gross deferred tax assets-Gross DTA's	8,441,938	8,342,799	8,903,819
Total deferred tax liabilities –(DTL's)	(13,527,993)	(17,723,919)	(17,723,920)
Net deferred tax liability	(5,086,055)	(9,381,120)	(8,820,101)
Gross deferred tax assets	8,441,938	8,342,799	8,903,819
Non-admitted deferred tax asset	--	0	0
Admitted net deferred tax asset-DTA	8,441,938	8,342,799	8,903,819
Increase/ (decrease) in net gross deferred tax asset	99,139	8,342,799	8,903,819
Increase/ (decrease) in non-admitted gross DTA's	--	0	0
Increase/ (decrease) in admitted net DTA	99,139	8,342,799	8,903,819

NOTES TO FINANCIAL STATEMENTS

B. Not Applicable

C. Significant Components of Income Taxes Incurred and Changes in Deferred Taxes

	December 31,2005	As Adjusted December 31,2004	As Reported December 31, 2004
Current year estimated federal income tax liability	(533,741)	1,919,928	1,849,401
Carryback of calendar year 2005 net capital loss	(158,228)	--	0
True-up of prior year FIT estimate to tax return liability	677,411	--	0
Total current federal income tax expense	(14,558)	1,919,928	1,849,401
Allocated to operations	4,191,103		
Allocated to surplus related to ULAE prior period adj	(4,205,661)		
	(14,558)		
Deferred Taxes: Gross DTA's /(DTL's)	December 31, 2005	As Adjusted December 31, 2004	As Reported December 31, 2004
Loss Reserves discount	4,377,480	4,977,432	5,538,452
Stocks and Bonds	1,295,732	596,642	596,642
Surplus Drafts	2,768,725	2,768,725	2,768,725
Total gross deferred tax assets - Gross DTA's	8,441,938	8,342,799	8,903,819
Reinsurance Recoverable	(790,643)	(906,268)	(906,270)
Retroactive Reinsurance	(10,780,009)	(14,334,291)	(14,334,290)
Other Liability	(1,957,341)	(2,483,360)	(2,483,360)
Total Deferred tax liabilities DTL's	(13,527,993)	(17,723,919)	(17,723,920)
Net deferred tax liability - DTL	(5,086,055)	(9,381,120)	(8,820,101)

D. Reconciliation of Expected to Actual Current Federal Income Tax Expense:

Statutory Income - pre-tax	2,251,068	69,524	69,524
Eliminate Statutory Capital Gain offset by tax capital loss	(184,045)		
Capital Gain		343,584	(121,792)
Loss Reserve Discount	(1,764,642)	(1,516,687)	133,493
Reinsurance Recoverable	340,074	495,513	495,513
Retroactive Reinsurance Recoverable	10,453,772	4,914,795	4,914,795
Other Liability		1,547,114	
Market Discount	(84,217)	(78,913)	(52,118)
Market discount on bonds sold	6,803	6,810	
Tax Exempt Interest	(257,704)	(158,319)	
Proration on tax exempt interest	38,656	23,804	
Dividends received deduction		(379)	
ULAE Reserve adjustment	(12,369,590)		
Net Income	(1,569,825)	5,646,846	5,439,415
Tax Rate	34%	34%	34%
Current Federal Income Tax Expense	(533,741)	1,919,928	1,849,401

E. The Company incurred a net operating loss and a capital loss totaling \$1,569,825 and \$1,172,682, respectively, for the year ended December 31, 2005. The Company incurred tax totaling \$1,919,928 for its year ended December 31, 2004. Of this amount, the Company will recover \$691,969 leaving a balance of \$1,227,959 available for recovery for net operating losses incurred (if any) for the year ending December 31, 2006. In addition, the Company will have a 2005 capital loss carryforward totaling \$707,305 that will be available to offset capital gains through December 31, 2010.

F. Consolidated Federal Income Tax Return Filing and Income Tax Allocation Agreement:

- a. A Federal Tax Sharing Agreement, effective for tax years beginning on or after the first day of January, 2005 was entered into by Stonewall Insurance Company, Stonewall Acquisition Corporation and Seaton Insurance Company.
- b. The tax payable on the consolidated federal income tax return by each member under this Agreement shall be based on the separate tax return liability of each member for the applicable year. To the extent the sum of the separate tax return liabilities of all members exceeds or is less than the consolidated tax liability, such difference shall be allocated to each member to the extent that such members' items or attributes are reflected in the group tax liability.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. Nature of Relationships  
The Parent company is Stonewall Acquisition Corporation.
- B. Detail of Transactions Greater than 1/2% of Admitted Assets  
Pursuant to the Management Agreement with Cavell USA Inc. (formerly Ken Randall America Inc.) the Company incurred \$2,019,093 in fees and miscellaneous expenses.
- C. Change in terms of Intercompany Arrangements  
Not Applicable
- D. Amounts Due to or from Related Parties  
None.
- E. Guarantees or Contingencies for Related Parties  
Not Applicable
- F. Management, Service Contracts, Cost Sharing Arrangements  
The Company has a management agreement with Cavell USA Inc. (formerly Ken Randall America Inc.) a related party, to provide run-off services for a fixed annual fee. Any items not specifically covered within the fees are reimbursed by the Company to Cavell USA Inc. Effective January 2004, the agreement was amended for renewal.
- G. Nature of Relationships that Could Affect Operations  
All outstanding shares of the Company are owned by the Parent
- H. Amount Deducted for Investment in Upstream Company  
Not Applicable
- I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets  
Not Applicable
- J. Writedown for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies  
Not Applicable
- K. Foreign Insurance Subsidiary Valuation

NOTES TO FINANCIAL STATEMENTS

Not Applicable

11. Debt

Not applicable

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans. (A-E)

Not applicable

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations.

- A. Outstanding Shares  
The Company does not have any preferred stock authorized or issued. The Company has one hundred thousand (100,000) share of twnety dollars (\$20) par value common stock and one hundred thousand (100,000) shares issued and outstanding.
- B. Dividend Rate of Preferred Stock  
Dividends on common stock are not cumulative and are payable when and as declared by the Board of Directors.
- C, D & E - Dividend Restrictions  
Dividends on common stock are paid as declared by the Board of Directors. Under the insurance regulations of Rhode Island, the maximum amount of dividends that the Company may pay to the shareholders in a twelve month period is limited to the lesser of 10% of the most recent year-end policyholders' surplus or the net income for that same year-end.
- F. Mutual Surplus Advances  
Not Applicable
- G. Company Stock Held for Special Purposes  
Not Applicable
- H. Changes in Special Surplus Funds  
Changes in balances of special surplus funds from the prior year are due to the changes in the Retroactive Reinsurance that is disclosed as a separate write-in. Refer to Note #23(F).
- I. Changes in Unassigned Funds  
The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:  
a) Unrealized gains or losses \$ (211,191)  
b) Non-Admitted Asset Values \$ -0-  
c) Separate Account Business -0-  
d) Asset Valuation Reserves -0-  
e) Provision for Reinsurance \$ 283,687
- J. Surplus Notes  
Not Applicable
- K & L - Quasi Reorganizations  
Not Applicable

14. Contingencies

- A. Contingent Commitments  
Not applicable
- B. Assessments  
Not Applicable
- C. Gain Contingencies  
Not Applicable
- D. All Other Contingencies  
Not Applicable

15. Leases (A-B)

Not applicable

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk (A-D)

Not applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales  
Not applicable
- B. Transfer and Servicing of Financial Assets  
Not Applicable
- C. Wash Sales  
Not Applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans (A-C)

Not applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable

20. September 11 Events

Not applicable

21. Other Items

- A. Extraordinary Items  
Not Applicable
- B. Troubled Debt Restructuring  
Not Applicable
- C. Assets Held by Government Authorities or Pledged as Collateral.

NOTES TO FINANCIAL STATEMENTS

Not Applicable

D. Uncollectible Premium Receivable  
Not Applicable

E. Business Interruption Insurance Recoveries  
Not Applicable

22. Events Subsequent

Not applicable

23. Reinsurance

A. Unsecured Reinsurance Recoverables

Non-affiliated unsecured aggregate recoverables as showin in Schedule F, Part 3 for paid and unpaid losses, including IBNR, unpaid adjustment expenses, and unearned premium that exceed 3% of the Company's policyholders surplus are as follows (000 Omitted):

NAIC #	Federal ID #	Company	Amount (000 Omitted)
20699	06-0237820	ACE PROP & CAS (CAL UNION)	2,647
19232	36-0719665	ALLSTATE INSURANCE COMPANY	1,826
10227	13-4924125	AMERICAN RE-INSURANCE COMPANY	10,034
19801	94-1390273	ARGONAUT INSURANCE COMPANY	2,396
27189	95-2769926	ASSOCIATED INTERNATIONAL INSURANCE CO	9,995
25070	13-2781282	CLEARWATER REINSURANCE COMPANY	7,917
22039	13-2673100	GENERAL REINSURANCE CORPORATION	14,400
11266	13-6107326	GERLING GLOBAL REINSURANCE CORPORATION	13,788
21032	13-5009848	GERLING GLOBAL RE OF AMERICA	14,658
22713	23-0723970	INA C/O CIGNA	3,344
22047	13-2930109	NORTH STAR REINSURANCE COMPANY	9,375
23914	39-0509630	NORTHWESTERN NATL INS (BELLEFONTE)	7,777
30058	75-1444207	SCOR REINSURANCE COMPANY	6,727
25364	13-1675535	SWISS REINSURANCE AMERICA CORPORATION	6,564
22314	16-0366830	SWISS RE (UNDERWRITERS RE CO)	3,161
00000	AA-1122000	UNDERWRITERS AT LLOYDS	2,900
20583	13-1290712	XL REINSURANCE AMERICA, INC.	11,144
		Total	128,653

B. Reinsurance Recoverable in Dispute

The Company has no disputed reinsurance from an individual reinsurer that exceeds 5% of surplus.  
Reinsurance recoverables, which in aggregate, exceed 10% of policyholders' surplus are identified below.

Name of Reinsurer	Total Amount in Dispute (Including IBNR) (000 Omitted)	Statues of Dispute
ACE PROP & CAS (CAL UNION)	146	Notification
ALLIANZ INSURANCE COMPANY	7	Notification
ALLSTATE INSURANCE COMPANY	57	Notification
AMERICAN BANKERS INSURANCE CO	18	Notification
AMERICAN REINS CO (MUNICH)	-32	Notification
ARGONAUT INSURANCE COMPANY	359	Notification
CAPITOL INDEMNITY CORPORATION	3	Notification
CHIYODA FIRE	3	Notification
CLEARWATER RE INSURANCE CO	650	Notification
CONTINENTAL INSURANCE COMPANY	1	Notification
EMC PROPERTY & CASUALTY CO	4	Notification
EMPLOYERS REINSURANCE CORP	5	Notification
FACTORY MUT INS (ALLENDALE)	25	Notification
FINANCIAL INDEMNITY COMPANY	7	Notification
GE RE INSURANCE CORP (KEMPER)	50	Notification
GENERAL STAR NATIONAL INS CO	25	Notification
GENERALI	1	Notification
GERLING GLOBAL RE OF AMERICA	2,645	Notification
HARBOR SPECIALTY INSURANCE	7	Notification
HORACE MANN INSURANCE CO	1	Notification
INA INTERNATIONAL INSURANCE CO	251	Notification
INSTITUTO DE RESSEGUROS	3	Notification
INTEGON NATIONAL INSURANCE CO	7	Notification
MIDDLESEX INSURANCE COMPANY	37	Notification
MIDDLESEX INS. LTD.	38	Notification
NATIONAL AUTOMOBILE & CAS	7	Notification
NORTHWESTERN NATL INS	1,359	Notification
PATRIA (TAPIOLA GENERAL)	251	Notification
PROGRESSIVE CASUALTY INSURANCE	3	Notification
PROGRESSIVE MAX INSURANCE CO	3	Notification
REPUBLIC INDEMNITY CO OF AMER	5	Notification
SENTRY INSURANCE A MUTUAL CO	13	Notification
SPECIALTY NATIONAL INSURANCE CO	10	Notification
SWISS RE (UNDERWRITERS RE)	25	Notification
TOYO FIRE &MARINE INSURANCE CO	3	Notification
VANLINER INSURANCE COMPANY	6	Notification
XL REINSURANCE AMERICA INC	1,484	Notification
Total in Dispute	7,487	

C. Reinsurance Assumed and Ceded

There is no amount of return commission due reinsurers if the agreements were canceled as of December 31, 2005. The Company had no additional or return

NOTES TO FINANCIAL STATEMENTS

commissions predicated on loss experience or any other form of profit sharing arrangements included in this annual statement as a result of existing contractual arrangements. All contracts of reinsurance covering losses that have occurred prior to the inception of the contract (i.e.retroactive reinsurance) have been accounted for in conformity with NAIC guidelines.

D. Uncollectible Reinsurance

The company has written off certain Reinsurance Recoverables on loss and loss adjustment expense payments in the amount of \$1,238,107 which is included in "Miscellaneous Income and Expense", page 4, line 14.02. These write - offs are related to 18 reinsurers most of whom are in liquidation.

E. Commutation of Ceded Reinsurance

The Company did not commute any reinsurance during 2005.

F. Retroactive Reinsurance

The Company purchased one aggregate retrocessional agreement effective 5/1/2000 which provides reinsurance for the Company's run-off business.

1. Reserves Transferred	<u>Assumed</u>	<u>Ceded</u>
1. Initial Reserves		109,604,084
2. Adjustments - Prior Year(s)		28,162,113
3. Adjustments - Current Year		<u>(4,790,007)</u>
4. Current Total	None	132,976,190
2. Consideration Paid or Received		
1. Initial Consideration		126,000,000
2. Adjustments - Prior Year(s)		0
3. Adjustments - Current Year		<u>0</u>
4. Current Total	None	126,000,000
3. Paid Losses Reimbursed or Recovered		
1. Prior Year(s)		32,132,928
2. Current Year		<u>24,298,912</u>
3. Current Total	None	56,431,840
4. Special Surplus from Retroactive Reinsurance		
1. Initial Surplus Gain/(Loss)		(16,395,916)
2. Adjustments - Prior Year(s)		28,162,113
3. Adjustments - Current Year		<u>(4,790,007)</u>
4. Current Year Restricted Surplus	None	6,976,190
5. Cumulative Total Transferred to Unassigned Funds		

5. Cedents and Reinsurers Involved in Transactions Included in Section F, Above.

<u>Company</u>	<u>Assumed</u>	<u>Ceded</u>	<u>Amount</u>
	None	NAIC 20087, National Indemnity Company	132,976,190

6. List Total Paid Loss/Lae amounts recoverable and amounts more than 90 days overdue, and collateral held as respects amounts recoverable from unauthorized reinsurers:

Authorized Reinsurers

<u>Company</u>	<u>Total Paid Loss/Lae Payable</u>	<u>Amounts Over 90 Days Overdue</u>
National Indemnity Company NAIC 20087	27,578,630	0

Unauthorized Reinsurers

None

G. Reinsurance Accounted for as a Deposit  
Not Applicable

24. Retrospectively Rated Contracts (A-D)

Not applicable

25. Changes in Incurred Losses and Loss Adjustment Expenses

Due to the run-off status of the Company, all incurred changes are attributable to insured events of prior years. Net reserves (prior to retroactive reinsurance) for incurred losses and loss adjustment expenses attributable to insured events of prior years has decreased by \$19,097,411 from \$123,220,391 in 2004 to \$104,122,980 in 2005 as a result of settlements and reserve re-estimation of unpaid losses and loss adjustment expenses on "Other Liability" and "Product Liability" lines of business. This long tail business is primarily related to Asbestos, Environment, Mass Tort and some Assumed business. All loss activity (excluding ULAE) is 100% reinsured either through standard reinsurance programs, Quota Share treaties or through retroactive reinsurance placed in 2000 resulting in zero net reserves. In addition, the Company is carrying a ULAE Reserve of \$14,000,000.

26. Intercompany Pooling Arrangements (A-F)

Not applicable

27. Structured Settlements

A. Reserves Released due to Purchase of Annuities



NOTES TO FINANCIAL STATEMENTS

The Company purchased one (1) annuity during 1990, under which the Company is owner and payee, to fund future payments that are fixed or determinable by settlement provisions or by workings of statutes. The aggregate amount of this annuity is -0-. The total value of all annuities due from one life insurer does not equal or exceed 1% of the Company's policyholders' surplus.

B. Annuity Insurers with Balances due Greater than 1% of Policyholders' Surplus  
Present value amounts due from one life insurer equaling or exceeding 1% of the Company's policyholders' surplus are:

Name & Location	Loss Reserves Eliminated by Annuities	Present Value Amount of Annuities
First Colony Life Insurance Company Lynchburg, Virginia	1,581,073	1,404,548
Life Insurance Company of North America Hartford, Connecticut	1,479,323	1,388,524
Manufacturers Lie Insurance Company Boston, Massachusetts	2,976,028	2,323,339
Symetra Life Insurance Company Seattle, Washington	1,333,000	1,937,240
Western National Life Insurance Company Amarillo, Texas	1,278,606	6,704,373

28. Health Care Receivables (A-B)

Not applicable

29. Participating Accident and Health Policies

Not applicable

30. Premium Deficiency Reserves

Not applicable

31. High Deductibles

Not applicable

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

Not applicable

33. Asbestos/Environmental Reserves

Yes the Company has exposure to both asbestos and environmental claims.

ASBESTOS:

The Stonewall asbestos-related losses for each of the five most recent calendar years are as follows:

Direct

	2001	2002	2003	2004	2005
Beginning Reserves	99,242,000	97,920,000	132,757,000	145,434,000	170,860,000
Incurring Loss and LAE	227,000	37,791,000	21,159,000	31,697,000	(6,641,000)
Calendar Year Pymts for Loss and LAE	1,549,000	2,954,000	8,482,000	6,271,000	23,830,000
Ending Reserves	97,920,000	132,757,000	145,434,000	170,860,000	140,389,000

The 2005 ending reserve above includes a gross bulk reserve of \$47,710,000. The bulk reserve is a contingency for adverse development on know cases, unreported cases, and allocated loss adjustment expenses (including coverage dispute. The bulk reserves are derived by independent actuaril studies.

Assumed

	2001	2002	2003	2004	2005
Beginning Reserves	14,183,000	9,935,000	2,181,000	2,184,000	2,443,000
Incurring Loss and LAE	(3,824,000)	(7,434,000)	18,000	382,000	1,136,000
Calendar Year Pymts for Loss and LAE	424,000	320,000	15,000	123,000	1,305,000
Ending Reserves	9,935,000	2,181,000	2,184,000	2,443,000	2,274,000

The 2005 ending reserve above includes a gross bulk reserve of \$682,000 The bulk reserve is a contingency for adverse development on know cases, unreported cases, and allocated loss adjustment expenses (including coverage dispute. The bulk reserves are derived by

NOTES TO FINANCIAL STATEMENTS

independent actuaril studies.

Net of Reinsurance

	2001	2002	2003	2004	2005
Beginning Reserves	40,629,000	38,289,000	53,919,000	44,654,000	56,851,000
Incurring Loss and LAE	(1,593,000	16,843,000	(6,985,000	13,825,000	515,000
	)		)		
Calendar Year Pymts for Loss and LAE	747,000	1,213,000	2,280,000	1,628,000	10,007,000
Ending Reserves	38,289,000	53,919,000	44,654,000	56,851,000	47,359,000

The 2005 ending reserve above includes a gross bulk reserve of \$24,393,000. The bulk reserve is a contingency for adverse development on known cases, ureported cases, and allocated loss adjustment expenses (including coverage dispute). The bulk reserves are derived by independent actuarial studies. The net reserves to not reflect the 2000 purchase of retroactive reinsurance which is reflected in the balance sheet and income statement.

ENVIRONMENTAL:

The Stonewall environmental-related (pollution) losses for each of the five most recent calendar years are as follows:

Direct

	2001	2002	2003	2004	2005
Beginning Reserves	116,897,00	114,352,000	103,662,00	93,298,000	71,673,000
	0		0		
Incurring Loss and LAE	4,667,000	(3,859,000)	(2,803,000	(13,430,00	(11,860,00
			)	0)	0)
Calendar Year Pymts for Loss and LAE	7,212,000	6,831,000	7,561,000	8,195,000	5,875,000
Ending Reserves	114,352,00	103,662,000	93,298,000	71,673,000	53,938,000
	0				

The 2005 ending reserve above includes a gross bulk reserve of \$42,460,000. The bulk reserve is a contingency for adverse development on known cases, unreported cases, and allocated loss adjustment expenses (including coverage dispute). The bulk reserves are derived by independent actuarial studies.

Assumed

	2001	2002	2003	2004	2005
Beginning Reserves	21,298,000	17,179,000	1,991,000	2,419,000	2,398,000
Incurring Loss and LAE	(2,143,000	(14,449,000)	477,000	(21,000)	(170,000)
	)				
Calendar Year Pymts for Loss and LAE	1,976,000	739,000	49,000	0	0
Ending Reserves	17,179,000	1,991,000	2,419,000	2,398,000	2,228,000

The 2005 ending reserve above includes a gross bulk reserve of \$1,421,000. The bulk reserve is a contingency for adverse development on known cases, unreported cases, and allocated loss adjustment expenses (including coverage dispute). The bulk reserves are derived by independent actuarial studies.

Net of Reinsurance

	2001	2002	2003	2004	2005
Beginning Reserves	53,597,000	50,707,000	47,794,000	57,358,000	46,057,000
Incurring Loss and LAE	1,183,000	(396,000)	12,331,000	(7,845,000	(7,411,000
				)	)
Calendar Year Pymts for Loss and LAE	4,073,000	2,517,000	2,767,000	3,456,000	3,335,000
Ending Reserves	50,707,000	47,794,000	57,358,000	46,057,000	35,311,000

NOTES TO FINANCIAL STATEMENTS

The 2005 ending reserve above includes a gross bulk reserve of \$28,552,000 The bulk reserve is a contingency for adverse development on known cases, unreported cases, and allocated loss adjustment expenses (including coverage dispute). The bulk reserves are derived by independent actuarial studies. The net reserves do not reflect the 2000 purchase of retroactive reinsurance which is reflected in the balance sheet and income statement.

34. Subscriber Savings Accounts

Not applicable

35. Multi Peril Crop

Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	5,493,479	7.3	5,493,479	7.5
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	4,537,826	6.1	4,537,826	6.2
1.22 Issued by U.S. government sponsored agencies.....		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....		0.0		0.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....		0.0		0.0
1.43 Revenue and assessment obligations.....	5,344,881	7.1	5,344,881	7.3
1.44 Industrial development and similar obligations.....		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA.....		0.0		0.0
1.512 Issued or guaranteed by FNMA and FHLMC.....	3,301,050	4.4	3,301,050	4.5
1.513 All other.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....	7,471,032	10.0	7,471,032	10.1
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521.....	1,438,439	1.9	1,438,439	2.0
1.523 All other.....		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	18,761,990	25.0	18,761,990	25.5
2.2 Unaffiliated foreign securities.....		0.0		0.0
2.3 Affiliated securities.....		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds.....		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....	1,500,000	2.0	1,500,000	2.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....	476,279	0.6	476,279	0.6
3.4 Other equity securities:				
3.41 Affiliated.....		0.0		0.0
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....		0.0		0.0
4.4 Multifamily residential properties.....		0.0		0.0
4.5 Commercial loans.....		0.0		0.0
4.6 Mezzanine real estate loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....		0.0		0.0
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....		0.0		0.0
6. Contract loans.....		0.0		0.0
7. Receivables for securities.....		0.0		0.0
8. Cash, cash equivalents and short-term investments.....	25,308,521	33.7	25,308,521	34.4
9. Other invested assets.....	1,360,749	1.8	(0)	(0.0)
10. Total invested assets.....	74,994,245	100.0	73,633,496	100.0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [ X ]

No [   ]

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [ X ]

No [   ]

N/A [   ]

1.3

State regulating?

Rhode Island

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [   ]

No [ X ]

2.2

If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2004

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity.  
This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/1998

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

01/07/2000

3.4

By what department or departments?

3.1 - Rhode Island 3.2 & 3.3 Alabama

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes [   ]

No [ X ]

4.12

renewals?

Yes [   ]

No [ X ]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes [   ]

No [ X ]

4.22

renewals?

Yes [   ]

No [ X ]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [   ]

No [ X ]

5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Co. Code	State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [   ]

No [ X ]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [ X ]

No [   ]

7.2

If yes,

7.21

State the percentage of foreign control.

.....100.000 %

7.22

State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity
Bermuda	Limited Partnership

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [   ]

No [ X ]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [   ]

No [ X ]

8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young LLP, 200 Clarendon St., Boston MA. 02116-5072

10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Ernst & Young LLP, Mr. John Dawson, 200 Clarendon St., Boston MA. 02116-5072

11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [   ]

No [ X ]

11.11

Name of real estate holding company:

11.12

Number of parcels involved

.....

11.13

Total book/adjusted carrying value

.....

11.2

If yes, provide explanation.

12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [   ]

No [   ]

12.3

Have there been any changes made to any of the trust indentures during the year?

Yes [   ]

No [   ]

12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [   ]

N/A [   ]

BOARD OF DIRECTORS

13.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes [ X ]

No [   ]

14.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes [ X ]

No [   ]

15.

Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [ X ]

No [   ]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

FINANCIAL

16.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11

To directors or other officers

\$.....0

16.12

To stockholders not officers

\$.....0

16.13

Trustees, supreme or grand (Fraternal only)

\$.....0

16.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21

To directors or other officers

\$.....0

16.22

To stockholders not officers

\$.....0

16.23

Trustees, supreme or grand (Fraternal only)

\$.....0

17.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes [ ]No [X]

17.2

If yes, state the amount thereof at December 31 of the current year:

17.21

Rented from others

\$.....0

17.22

Borrowed from others

\$.....0

17.23

Leased from others

\$.....0

17.24

Other

\$.....0

18.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [ ]No [X]

18.2

If answer is yes:

18.21

Amount paid as losses or risk adjustment

\$.....0

18.22

Amount paid as expenses

\$.....0

18.23

Other amounts paid

\$.....0

19.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [ ]No [X]

19.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount.

INVESTMENT

20.1

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E-Part 3-Special Deposits?

Yes [X]No [ ]

20.2

If no, give full and complete information relating thereto.

21.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E-Part 3-Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1)

Yes [ ]No [X]

21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Loaned to others

21.22

Subject to repurchase agreements

21.23

Subject to reverse repurchase agreements

21.24

Subject to dollar repurchase agreements

21.25

Subject to reverse dollar repurchase agreements

21.26

Pledged as collateral

21.27

Placed under option agreements

21.28

Letter stock or securities restricted as to sale

21.29

Other

21.3

For category (21.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
		.....

22.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [ ]No [X]

22.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes [ ]No [ ]N/A [X]

If no, attach a description with this statement.

23.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [ ]No [X]

23.2

If yes, state the amount thereof at December 31 of the current year:

24.

Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X]No [ ]

24.01

For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
Wachovia Bank NA	1525 West W.T. Harris Boulevard, Charlotte N.C. 28288-1151

24.02

For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

24.03

Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year?

Yes [ ]No [X]

24.04

If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

24.05

Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
114949	Madison Scottsdale, L.C.	8777 N. Gainey Center Drive, Suite 220
		Scottsdale, Arizona

25.1

Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])?

Yes [ ]No [X]

25.2

If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adj.Carrying Value
25.2999. TOTAL		0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

25.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from the above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	Date of Valuation

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds.....	.....46,348,695	.....46,611,659	.....262,964
26.2 Preferred stocks.....	.....1,500,000	.....1,500,000	.....0
26.3 Totals.....	.....47,848,695	.....48,111,659	.....262,964

26.4 Describe the sources or methods utilized in determining the fair values:  
SVO unit prices were used to determine fair value, if the prices were available.  
For other bonds and preferred stocks, the fair values were obtained from other published sources.

27.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [ X ] No [ ]

27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....0

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1	2
Name	Amount Paid

29.1 Amount of payments for legal expenses, if any? \$.....0

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [ ]

No [ X ]

1.2

If yes, indicate premium earned on U.S. business only.

1.3

What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

1.31

Reason for excluding:

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

0

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$

0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

0

1.62

Total incurred claims

\$

0

1.63

Number of covered lives

0

All years prior to most current three years:

1.64

Total premium earned

\$

0

1.65

Total incurred claims

\$

0

1.66

Number of covered lives

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

0

1.72

Total incurred claims

\$

0

1.73

Number of covered lives

0

All years prior to most current three years:

1.74

Total premium earned

\$

0

1.75

Total incurred claims

0

1.76

Number of covered lives

0

2.

Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....		
2.2 Premium Denominator.....		
2.3 Premium Ratio (2.1/2.2).....	0.0	0.0
2.4 Reserve Numerator.....		
2.5 Reserve Denominator.....	119,170,664	127,033,722
2.6 Reserve Ratio (2.4/2.5).....	0.0	0.0

3.1

Does the reporting entity issue both participating and non-participating policies?

Yes [ ]

No [ X ]

3.2

If yes, state the amount of calendar year premiums written on:

3.21

Participating

3.22

Non-participating policies

4.

For Mutual Reporting Entities and Reciprocal Exchange only:

4.1

Does the reporting entity issue assessable policies?

Yes [ ]

No [ ]

4.2

Does the reporting entity issue non-assessable policies?

Yes [ ]

No [ ]

4.3

If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

%

4.4

Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

5.

For Reciprocal Exchanges only:

5.1

Does the exchange appoint local agents?

Yes [ ]

No [ ]

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

Yes [ ]

No [ ]

N/A [ ]

5.22

As a direct expense of the exchange

Yes [ ]

No [ ]

N/A [ ]

5.3

What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred?

Yes [ ]

No [ ]

5.5

If yes, give full information:

6.1

What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?

The Company is in run-off and no longer purchases new reinsurance covers.

6.2

Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

NA

6.3

What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable property insurance loss?

NA

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

Yes [ ]

No [ X ]

6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.

The Company is in run-off and no longer purchases new reinsurance covers.

7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

Yes [ ]

No [ X ]

7.2

If yes, indicate the number of reinsurance contracts containing such provisions.

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

Yes [ ]

No [ ]

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

Yes [ ]

No [ X ]

8.2

If yes, give full information:

17



GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
(c) Aggregate stop loss reinsurance coverage;  
(d) An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;  
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
(f) Payment schedule, accounting retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?

Yes [ X ]

No [ ]

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:  
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliate represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates?

Yes [ ]

No [ X ]

9.3

If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:  
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;  
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and  
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4

Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes [ ]

No [ X ]

9.5

If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

Yes [ ]

No [ X ]

N/A [ ]

11.1

Has this reporting entity guaranteed policies issued by any other reporting entity and now in force?

Yes [ ]

No [ X ]

11.2

If yes, give full information:

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:  
12.11 Unpaid losses  
12.12 Unpaid underwriting expenses (including loss adjustment expenses)

\$.....0

\$.....0

12.2

Of the amount on Line 13.3, Page 2, state the amount which is secured by letters of credit, collateral and other funds:

\$.....0

12.3

If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

Yes [ ]

No [ ]

N/A [ X ]

12.4

If yes, provide the range of interest rates charged under such notes during the period covered by this statement:  
12.41 From  
12.42 To

.....%

.....%

12.5

Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes [ ]

No [ X ]

12.6

If yes, state the amount thereof at December 31 of current year:  
12.61 Letters of credit  
12.62 Collateral and other funds

.....

.....

13.1

What amount of installment notes is owned and now held by the reporting entity?

\$.....0

13.2

Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?

Yes [ ]

No [ X ]

13.3

If yes, what amount?

.....

14.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$.....0

14.2

Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes [ ]

No [ X ]

14.3

State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.

.....0

15.1

Is the company a cedant in a multiple cedant reinsurance contract?

Yes [ ]

No [ X ]

15.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:

15.3

If the answer to 15.1 is yes, are the methods described in item 15.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes [ ]

No [ ]

15.4

If the answer to 15.3 is no, are all the methods described in 15.2 entirely contained in written agreements?

Yes [ ]

No [ ]

15.5

If the answer to 15.4 is no, please explain:

16.1

Has the reporting entity guaranteed any financial premium accounts?

Yes [ ]

No [ X ]

16.2

If yes, give full information:

17.1

Does the reporting entity write any warranty business?  
If yes, disclose the following information for each of the following types of warranty coverage:

Yes [ ]

No [ X ]

1

2

3

4

5

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
17.11 Home.....					
17.12 Products.....					
17.13 Automobile.....					
17.14 Other*.....					

\* Disclose type of coverage: .....

18.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [ X ]      No [   ]

Incurred but not reported losses on contracts not in force on July 1, 1984 or subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

18.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5	\$.....4,305,324
18.12 Unfunded portion of Interrogatory 18.11	\$.....0
18.13 Paid losses and loss adjustment expenses portion of Interrogatory 18.11	\$.....0
18.14 Case reserves portion of Interrogatory 18.11	\$.....0
18.15 Incurred but not reported portion of Interrogatory 18.11	\$.....4,305,324
18.16 Unearned premium portion of Interrogatory 18.11	\$.....0
18.17 Contingent commission portion of Interrogatory 18.11	\$.....0

Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above:

18.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5	\$.....0
18.19 Unfunded portion of Interrogatory 18.18	\$.....0
18.20 Paid losses and loss adjustment expenses portion of Interrogatory 18.18	\$.....0
18.21 Case reserves portion of Interrogatory 18.18	\$.....0
18.22 Incurred but not reported portion of Interrogatory 18.18	\$.....0
18.23 Unearned premium portion of Interrogatory 18.18	\$.....0
18.24 Contingent commission portion of Interrogatory 18.18	\$.....0

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1	2	3	4	5
	2005	2004	2003	2002	2001
<b>Gross Premiums Written</b> (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....					
6. Total (Line 34).....	0	0	0	0	0
<b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....					
12. Total (Line 34).....	0	0	0	0	0
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	4,990,407	(8,342,296)	(8,535,544)	(3,408,526)	(2,231,652)
14. Net investment gain (loss) (Line 11).....	3,648,600	3,532,824	2,597,469	(6,237,469)	2,898,963
15. Total other income (Line 15).....	(6,387,940)	4,878,996	6,976,395	9,946,016	5,161,054
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	4,191,103	1,849,401			
18. Net income (Line 20).....	(1,940,035)	(1,779,877)	1,038,320	300,021	5,828,365
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	107,796,014	96,540,478	88,946,987	83,010,495	79,425,529
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 13.1).....					(947)
20.2 Deferred and not yet due (Line 13.2).....					
20.3 Accrued retrospective premiums (Line 13.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 24).....	51,822,672	34,886,667	21,527,745	18,817,791	16,731,876
22. Losses (Page 3, Lines 1 & 2).....	85,967,513	103,904,839	102,552,247	95,003,750	84,287,735
23. Loss adjustment expenses (Page 3, Line 3).....	33,203,151	23,128,885	23,528,885	23,090,931	23,490,931
24. Unearned premiums (Page 3, Line 9).....					
25. Capital paid up (Page 3, Lines 28 & 29).....	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
26. Surplus as regards policyholders (Page 3, Line 35).....	55,973,341	61,653,811	67,419,242	64,192,704	62,693,649
<b>Risk-Based Capital Analysis</b>					
27. Total adjusted capital.....	55,973,341	61,653,811	67,419,242	64,192,704	62,693,649
28. Authorized control level risk-based capital.....	17,906,772	19,383,908	19,599,701	18,165,718	16,977,828
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1).....	62.9	77.6	85.7	90.6	84.8
30. Stocks (Lines 2.1 & 2.2).....	2.7	2.9	2.1	0.7	0.4
31. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
32. Real estate (Lines 4.1, 4.2 & 4.3).....					
33. Cash, cash equivalents and short-term investments (Line 5).....	34.4	19.5	12.2	8.7	14.8
34. Contract loans (Line 6).....				XXX	XXX
35. Other invested assets (Line 7).....					
36. Receivable for securities (Line 8).....					
37. Aggregate write-ins for invested assets (Line 9).....					
38. Cash, cash equivalents and invested assets (Line 10).....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
39. Affiliated bonds (Sch. D, Summary, Line 25, Col. 1).....					
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....					
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2).....					
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)....					
43. Affiliated mortgage loans on real estate.....					
44. All other affiliated.....					
45. Total of above lines 39 to 44.....	0	0	0	0	0
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0).....	0.0				

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2005	2004	2003	2002	2001
<b>Capital and Surplus Accounts</b> (Page 4)					
47. Net unrealized capital gains (losses) (Line 24).....	(211,191)	852,863	2,123,332	8,704,910	(4,005,577)
48. Dividends to stockholders (Line 35).....					
49. Change in surplus as regards policyholders for the year (Line 38).....	(5,680,469)	(5,765,431)	3,226,538	1,499,055	1,499,599
<b>Gross Losses Paid</b> (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	27,691,558	11,893,768	10,534,945	7,378,902	7,780,392
51. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....		27,302	623,115	142,082	214,308
54. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	536,513	515,156	10,597	102,255	76,249
55. Total (Line 34).....	28,228,071	12,436,225	11,168,657	7,623,239	8,070,949
<b>Net Losses Paid</b> (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	10,492,750	3,107,461	(4,749,166)	(11,428,696)	2,965,392
57. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	(76,359)	16,875	548,833	101,479	178,254
60. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	536,513	515,156	10,597	(46,893)	76,249
61. Total (Line 34).....	10,952,904	3,639,492	(4,189,736)	(11,374,110)	3,219,895
<b>Operating Percentages</b> (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2).....					
64. Loss expenses incurred (Line 3).....					
65. Other underwriting expenses incurred (Line 4).....					
66. Net underwriting gain (loss) (Line 8).....					
<b>Other Percentages</b>					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0).....					
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....					
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34, divided by Page 3, Line 35, Col. 1 x 100.0).....					
<b>One Year Loss Development (000 omitted)</b>					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(5,941)	6,529	6,612	1,679	
71. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100).....	(9.6)	9.7	10.3	2.7	
<b>Two Year Loss Development (000 omitted)</b>					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	588	13,141	8,291	1,679	
73. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Col. 2 x 100.0).....	0.9	20.5	13.2	2.7	

SCHEDULE D - SUMMARY BY COUNTRY  
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b> Governments (Including all obligations guaranteed by governments)	1. United States.....	10,031,304	9,767,299	10,267,940	9,797,000
	2. Canada.....				
	3. Other Countries.....				
	4. Totals.....	10,031,304	9,767,299	10,267,940	9,797,000
States, Territories and Possessions (Direct and guaranteed)	5. United States.....				
	6. Canada.....				
	7. Other Countries.....				
	8. Totals.....	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....				
	10. Canada.....				
	11. Other Countries.....				
	12. Totals.....	0	0	0	0
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	16,116,963	15,849,704	16,288,329	15,572,841
	14. Canada.....				
	15. Other Countries.....				
	16. Totals.....	16,116,963	15,849,704	16,288,329	15,572,841
Public Utilities (Unaffiliated)	17. United States.....				
	18. Canada.....				
	19. Other Countries.....				
	20. Totals.....	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	20,200,428	20,994,654	20,542,787	21,601,058
	22. Canada.....				
	23. Other Countries.....				
	24. Totals.....	20,200,428	20,994,654	20,542,787	21,601,058
Parent, Subsidiaries and Affiliates	25. Totals.....				
	26. <b>Total Bonds.....</b>	46,348,695	46,611,657	47,099,056	46,970,899
<b>PREFERRED STOCKS</b> Public Utilities (Unaffiliated)	27. United States.....				
	28. Canada.....				
	29. Other Countries.....				
	30. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....				
	32. Canada.....				
	33. Other Countries.....				
	34. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	1,500,000	1,500,000	1,506,470	
	36. Canada.....				
	37. Other Countries.....				
	38. Totals.....	1,500,000	1,500,000	1,506,470	
Parent, Subsidiaries and Affiliates	39. Totals.....				
	40. <b>Total Preferred Stocks.....</b>	1,500,000	1,500,000	1,506,470	
<b>COMMON STOCKS</b> Public Utilities (Unaffiliated)	41. United States.....				
	42. Canada.....				
	43. Other Countries.....				
	44. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....				
	46. Canada.....				
	47. Other Countries.....				
	48. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	476,279	476,279	6,470	
	50. Canada.....				
	51. Other Countries.....				
	52. Totals.....	476,279	476,279	6,470	
Parent, Subsidiaries and Affiliates	53. Totals.....				
	54. <b>Total Common Stocks.....</b>	476,279	476,279	6,470	
	55. <b>Total Stocks.....</b>	1,976,279	1,976,279	1,512,940	
	56. <b>Total Bonds and Stocks....</b>	48,324,974	48,587,936	48,611,996	

SCHEDULE D - VERIFICATION BETWEEN YEARS  
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	60,234,173	7. Amortization of premium.....	437,509
2. Cost of bonds and stocks acquired, Column 7, Part 3.....		8. Foreign exchange adjustment:	
3. Accrual of discount.....	89,245	8.1 Column 15, Part 1.....	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	
4.1 Columns 12 - 14, Part 1.....	(17,858)	8.3 Column 16, Part 2, Section 2.....	
4.2 Columns 15 - 17, Part 2, Section 1.....		8.4 Column 15, Part 4.....	0
4.3 Column 15, Part 2, Section 2.....	(193,334)	9. Book/adjusted carrying value at end of current period.....	48,324,973
4.4 Columns 11 - 13, Part 4.....	(211,192)	10. Total valuation allowance.....	
5. Total gain (loss), Column 19, Part 4.....	184,045	11. Subtotal (Lines 9 plus 10).....	48,324,973
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4....	11,533,789	12. Total nonadmitted amounts.....	
		13. Statement value of bonds and stocks, current year.....	48,324,973

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported- Direct and Assumed
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior.....	.....XXX.....	.....XXX.....	.....XXX.....	.....28,228	.....17,275	.....4,330	.....2,127	.....1,069	.....	.....	.....14,225	.....XXX.....
2. 1996.....	.....213.....	.....	.....213	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
3. 1997.....	.....2.....	.....	.....2	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
4. 1998.....	.....2.....	.....	.....2	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
5. 1999.....	.....(28).....	.....1,876	.....(1,904)	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
6. 2000.....	.....	.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
7. 2001.....	.....	.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
8. 2002.....	.....	.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
9. 2003.....	.....	.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
10. 2004.....	.....	.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
11. 2005.....	.....	.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....28,228	.....17,275	.....4,330	.....2,127	.....1,069	.....0	.....0	.....14,225	.....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding- Direct and Assumed
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior.....	.....118,153	.....82,025	.....83,496	.....34,704	.....	.....	.....28,531	.....9,328	.....14,000	.....	.....	.....118,123	.....XXX.....
2. 1996.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
3. 1997.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
4. 1998.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
5. 1999.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
6. 2000.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
7. 2001.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
8. 2002.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
9. 2003.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
10. 2004.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....0	.....XXX.....
11. 2005.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....0	.....	.....0	.....XXX.....
12. Totals...	.....118,153	.....82,025	.....83,496	.....34,704	.....0	.....0	.....28,531	.....9,328	.....14,000	.....0	.....0	.....118,123	.....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....	.....	.....XXX.....	.....84,920	.....33,203
2. 1996.	.....0.....	.....0.....	.....0.....	.....0.0.....	.....0.0.....	.....0.0.....	.....	.....	.....	.....0.....	.....0.....
3. 1997.	.....0.....	.....0.....	.....0.....	.....0.0.....	.....0.0.....	.....0.0.....	.....	.....	.....	.....0.....	.....0.....
4. 1998.	.....0.....	.....0.....	.....0.....	.....0.0.....	.....0.0.....	.....0.0.....	.....	.....	.....	.....0.....	.....0.....
5. 1999.	.....0.....	.....0.....	.....0.....	.....0.0.....	.....0.0.....	.....0.0.....	.....	.....	.....	.....0.....	.....0.....
6. 2000.	.....0.....	.....0.....	.....0.....	.....0.0.....	.....0.0.....	.....0.0.....	.....	.....	.....	.....0.....	.....0.....
7. 2001.	.....0.....	.....0.....	.....0.....	.....0.0.....	.....0.0.....	.....0.0.....	.....	.....	.....	.....0.....	.....0.....
8. 2002.	.....0.....	.....0.....	.....0.....	.....0.0.....	.....0.0.....	.....0.0.....	.....	.....	.....	.....0.....	.....0.....
9. 2003.	.....0.....	.....0.....	.....0.....	.....0.0.....	.....0.0.....	.....0.0.....	.....	.....	.....	.....0.....	.....0.....
10. 2004.	.....0.....	.....0.....	.....0.....	.....0.0.....	.....0.0.....	.....0.0.....	.....	.....	.....	.....0.....	.....0.....
11. 2005.	.....0.....	.....0.....	.....0.....	.....0.0.....	.....0.0.....	.....0.0.....	.....	.....	.....	.....0.....	.....0.....
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0.....	.....0.....	.....XXX.....	.....84,920	.....33,203

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	One Year	Two Year
1. Prior.....	.....91,089	.....92,855	.....127,928	.....129,014	.....129,014	.....125,782	.....127,461	.....134,073	.....140,602	.....134,661	.....(5,941)	.....588
2. 1996....											.....0	.....0
3. 1997....	.....XXX										.....0	.....0
4. 1998....	.....XXX	.....XXX									.....0	.....0
5. 1999....	.....XXX	.....XXX	.....XXX								.....0	.....0
6. 2000....	.....XXX	.....XXX	.....XXX	.....XXX							.....0	.....0
7. 2001....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX						.....0	.....0
8. 2002....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX					.....0	.....0
9. 2003....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX				.....0	.....0
10. 2004....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX			.....0	.....XXX
11. 2005....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX		.....XXX	.....XXX
12. Totals.....											.....(5,941)	.....588

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005		
1. Prior.....	.....000	.....4,475	.....10,465	.....19,831	.....17,617	.....22,298	.....13,019	.....12,285	.....17,382	.....30,538	.....XXX	.....XXX
2. 1996....											.....XXX	.....XXX
3. 1997....	.....XXX										.....XXX	.....XXX
4. 1998....	.....XXX	.....XXX									.....XXX	.....XXX
5. 1999....	.....XXX	.....XXX	.....XXX								.....XXX	.....XXX
6. 2000....	.....XXX	.....XXX	.....XXX	.....XXX							.....XXX	.....XXX
7. 2001....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX						.....XXX	.....XXX
8. 2002....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX					.....XXX	.....XXX
9. 2003....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX				.....XXX	.....XXX
10. 2004....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX			.....XXX	.....XXX
11. 2005....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX		.....XXX	.....XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior.....	.....66,088	.....66,658	.....93,644	.....74,091	.....91,797	.....67,230	.....70,268	.....72,335	.....72,336	.....67,995
2. 1996.....										
3. 1997.....	.....XXX									
4. 1998.....	.....XXX	.....XXX								
5. 1999.....	.....XXX	.....XXX	.....XXX							
6. 2000.....	.....XXX	.....XXX	.....XXX	.....XXX						
7. 2001.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX					
8. 2002.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX				
9. 2003.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX			
10. 2004.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX		
11. 2005.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1  Is Insurer Licensed? (YES or NO)	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4  Dividends Paid or Credited to Policyholders on Direct Business	5  Direct Losses Paid (Deducting Salvage)	6  Direct Losses Incurred	7  Direct Losses Unpaid	8  Finance and Service Charges not Included in Premiums	9  Direct Premiums Written for Federal Pur- chasing Groups (Incl. in Col. 2)
		2  Direct Premiums Written	3  Direct Premiums Earned						
1. Alabama.....AL	YES					362,967	948,706		
2. Alaska.....AK	YES								
3. Arizona.....AZ	YES				484,585	1,513,322	3,834,790		
4. Arkansas.....AR	YES					(182,094)	3,370,868		
5. California.....CA	YES				529,480	(3,122,282)	53,920,857		
6. Colorado.....CO	YES					(6,070)	112,362		
7. Connecticut.....CT	NO					(667,986)	9,332,014		
8. Delaware.....DE	YES					(36,419)	674,173		
9. District of Columbia.....DC	NO								
10. Florida.....FL	YES				125,657	(156,461)	1,164,696		
11. Georgia.....GA	YES					(202,029)	627,895		
12. Hawaii.....HI	NO								
13. Idaho.....ID	YES					(5,341)	98,864		
14. Illinois.....IL	YES				11,451,495	(6,551,009)	16,601,142		
15. Indiana.....IN	YES					(3,204)	59,319		
16. Iowa.....IA	YES					(61,912)	1,146,095		
17. Kansas.....KS	YES					(1,308,947)	4,758,067		
18. Kentucky.....KY	YES								
19. Louisiana.....LA	YES				1,333,333	(173,805)	1,308,178		
20. Maine.....ME	NO					(2,137)	39,545		
21. Maryland.....MD	YES					(1,214)	22,472		
22. Massachusetts.....MA	YES								
23. Michigan.....MI	YES				(7,996)	(323,934)	5,015,946		
24. Minnesota.....MN	YES				600,000	583,620	293,234		
25. Mississippi.....MS	YES					(40,217)	5,893		
26. Missouri.....MO	YES					(270,293)	116,306		
27. Montana.....MT	YES								
28. Nebraska.....NE	YES					(922,212)	3,274,667		
29. Nevada.....NV	YES					(2,670)	49,432		
30. New Hampshire.....NH	NO								
31. New Jersey.....NJ	NO				66,667	36,776	553,322		
32. New Mexico.....NM	YES								
33. New York.....NY	NO				5,326,638	3,737,099	4,536,809		
34. North Carolina.....NC	YES								
35. North Dakota.....ND	YES								
36. Ohio.....OH	YES				855,000	(136,143)	5,346,287		
37. Oklahoma.....OK	YES					(696,602)	2,765,195		
38. Oregon.....OR	YES					(458,231)	1,862,535		
39. Pennsylvania.....PA	NO				311,171	487,058	10,801,896		
40. Rhode Island.....RI	YES								
41. South Carolina.....SC	YES								
42. South Dakota.....SD	YES								
43. Tennessee.....TN	YES				2,476,458	989,672	52,341		
44. Texas.....TX	YES				3,340,893	(12,007,674)	35,927,348		
45. Utah.....UT	YES								
46. Vermont.....VT	NO								
47. Virginia.....VA	YES					(2,084,348)	(1,522,323)		
48. Washington.....WA	YES					(728,067)	5,703,308		
49. West Virginia.....WV	NO								
50. Wisconsin.....WI	YES					(573,650)	4,869,582		
51. Wyoming.....WY	YES								
52. American Samoa.....AS	NO								
53. Guam.....GU	NO								
54. Puerto Rico.....PR	NO								
55. US Virgin Islands.....VI	NO								
56. Canada.....CN	NO								
57. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
58. Totals.....	(a).....41	0	0	0	26,893,381	(23,014,437)	177,671,821	0	0
DETAILS OF WRITE-INS									
5701. ....	XXX								
5702. ....	XXX								
5703. ....	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 + Line 5798) (Line 57 above)	XXX	0	0	0	0	0	0	0	0
Explanation of Basis of Allocation of Premiums by States, etc.									

(a) Insert the number of yes responses except for Canada and Other Alien.

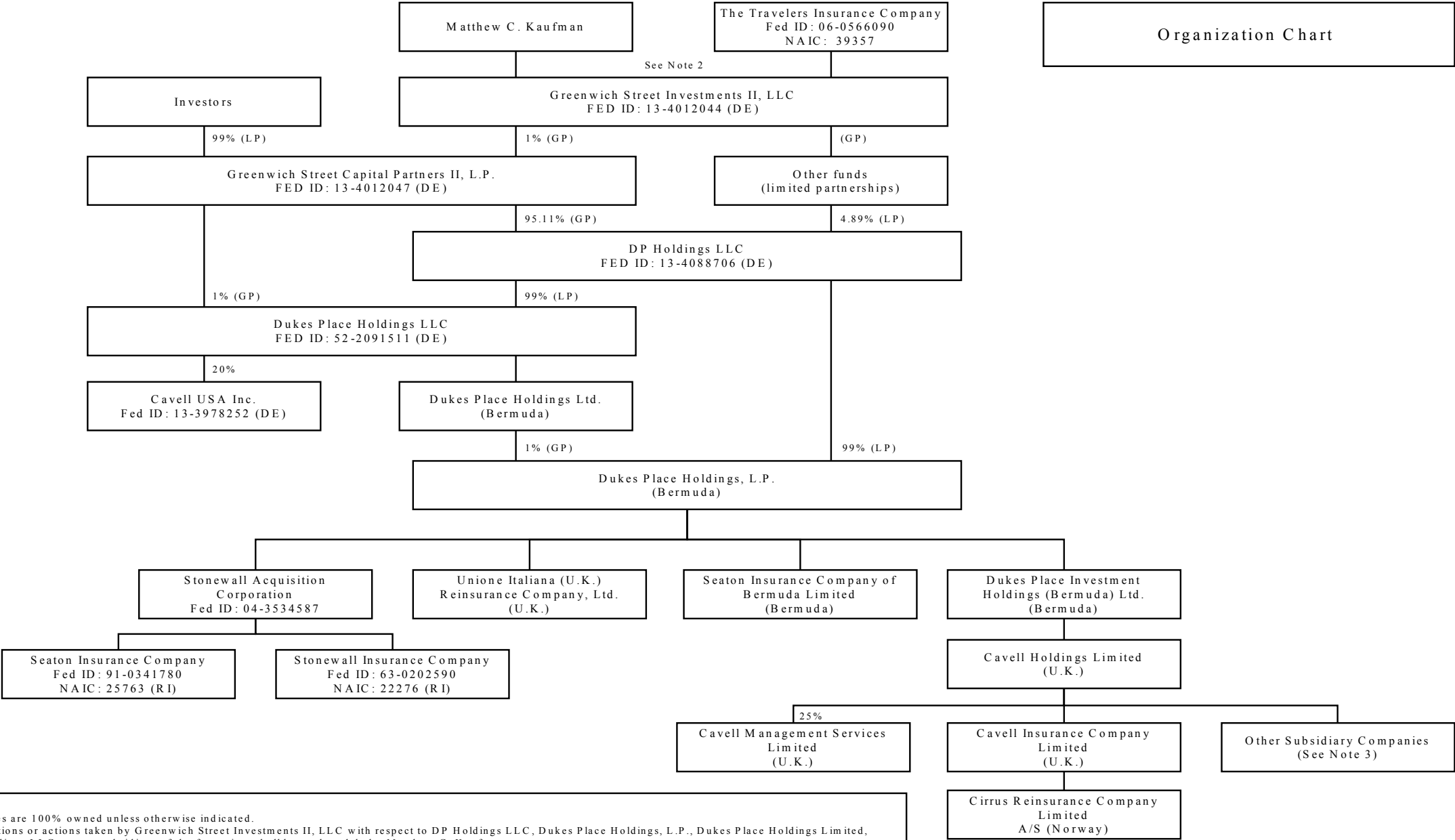


SCHEDULE T - PART 2  
INTERSTATE COMPACT PRODUCTS - EXHIBIT OF PREMIUMS WRITTEN  
Allocated by States and Territories

States, Etc.			Direct Business Only				6 Totals	
			1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)		5 Deposit-Type Contracts
1.	Alabama.....	AL						.0
2.	Alaska.....	AK						.0
3.	Arizona.....	AZ						.0
4.	Arkansas.....	AR						.0
5.	California.....	CA						.0
6.	Colorado.....	CO						.0
7.	Connecticut.....	CT						.0
8.	Delaware.....	DE						.0
9.	District of Columbia.....	DC						.0
10.	Florida.....	FL						.0
11.	Georgia.....	GA						.0
12.	Hawaii.....	HI						.0
13.	Idaho.....	ID						.0
14.	Illinois.....	IL						.0
15.	Indiana.....	IN						.0
16.	Iowa.....	IA						.0
17.	Kansas.....	KS						.0
18.	Kentucky.....	KY						.0
19.	Louisiana.....	LA						.0
20.	Maine.....	ME						.0
21.	Maryland.....	MD						.0
22.	Massachusetts.....	MA						.0
23.	Michigan.....	MI						.0
24.	Minnesota.....	MN						.0
25.	Mississippi.....	MS						.0
26.	Missouri.....	MO						.0
27.	Montana.....	MT						.0
28.	Nebraska.....	NE						.0
29.	Nevada.....	NV						.0
30.	New Hampshire.....	NH						.0
31.	New Jersey.....	NJ						.0
32.	New Mexico.....	NM						.0
33.	New York.....	NY						.0
34.	North Carolina.....	NC						.0
35.	North Dakota.....	ND						.0
36.	Ohio.....	OH						.0
37.	Oklahoma.....	OK						.0
38.	Oregon.....	OR						.0
39.	Pennsylvania.....	PA						.0
40.	Rhode Island.....	RI						.0
41.	South Carolina.....	SC						.0
42.	South Dakota.....	SD						.0
43.	Tennessee.....	TN						.0
44.	Texas.....	TX						.0
45.	Utah.....	UT						.0
46.	Vermont.....	VT						.0
47.	Virginia.....	VA						.0
48.	Washington.....	WA						.0
49.	West Virginia.....	WV						.0
50.	Wisconsin.....	WI						.0
51.	Wyoming.....	WY						.0
52.	American Samoa.....	AS						.0
53.	Guam.....	GU						.0
54.	Puerto Rico.....	PR						.0
55.	US Virgin Islands.....	VI						.0
56.	Canada.....	CN						.0
57.	Aggregate Other Alien.....	OT						.0
58.	Totals.....		.0	.0	.0	.0	.0	.0

NONE

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 – ORGANIZATIONAL CHART



Notes:

1. All subsidiaries are 100% owned unless otherwise indicated.
2. All determinations or actions taken by Greenwich Street Investments II, LLC with respect to DP Holdings LLC, Dukes Place Holdings, L.P., Dukes Place Holdings Limited, Dukes Place Holdings LLC, or any subsidiary of the foregoing, shall be made solely by Matthew C. Kaufman.
3. Other subsidiary companies of Cavell Holdings Limited have not been listed as they are either not actively trading or are otherwise immaterial within the context of the Cavell group of companies.